

# UNDERSTANDING PROPERTY TAXES

*We designed this information sheet to provide you with basic knowledge about how the Montana property tax system works. We encourage you to contact your local Department of Revenue office if you need additional information or have questions.*

## Property Reappraisal

### How does the value of my property stay current?

The property tax process begins with an appraisal of your property. The Montana Constitution and state law require us to reappraise all property periodically. The most recent reappraisal was completed on Dec. 31, 2008.

You will see the new values, which will be used for property tax purposes in tax year 2009, on your property assessment notice. The notice was mailed to you in late August or early September of 2009.

### What do I do after I receive my assessment notice?

The purpose of the assessment notice is to advise you of any changes in ownership or value. Please study it carefully.

On the assessment notice, you will see four columns showing total values: the old market value, the new market value, last year's taxable value, and this year's taxable value. By comparing the old market value (your January, 2002 valuation) with the new market value (your July, 2008 valuation), you can see how much your property has changed in value. When you compare the two taxable values, you will see affects of the reappraisal strategy enacted by the 2009 Montana Legislature. If you multiply the mill levy for the area where your property is located times those taxable values, you can see how much your property taxes are likely to change.

If you have any questions concerning your property's value or characteristics, please call the Department of Revenue field office immediately.

### Has anything been done to help keep my property taxes from skyrocketing?

The 2009 Legislature considered methods of mitigating the tax impacts of reappraisal for the next six years (2009-2014). As was the case after prior reappraisals, the Legislature discussed ways to prevent property taxes from increasing on a statewide average over the six years because of reappraisal. Ultimately, the 2009 Legislature adopted a measure that prevents—again, on a statewide average—property taxes from rising more than about 2% because of reappraisal. However, changes in individual property values in the composition of the tax base in local areas, and local government and school district budgets can all vary significantly. So property taxes may go up or down significantly as compared to the statewide average for individual taxpayers.

The property tax mitigation strategy that the 2009 Legislature adopted is based on three specific types of measures that come into play over the next six years:

- ① the phasing-in of your new property value (at one-sixth per year for six years);
- ② a gradual lowering of the tax rate; and
- ③ a gradual increase in the tax exemption level.

### What is "phase-in"?

The "phase-in" of new property values is a strategy to help lessen the impact of property tax increases on taxpayers because of reappraisal. Under current Montana law, if you experience a new higher property value, the increase in you property's value will be phased-in in equal increments (one-sixth or 16.66% of the increase each year) over a six-year period. (Note: If you experience a decrease in value, the reappraised property value goes into effect immediately.)